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**WISCONSIN STATE
LEGISLATURE COMMITTEE
HEARING RECORDS**

2007-08

(session year)

Senate

(Assembly, Senate or Joint)

**Committee on
Small Business,
Emergency
Preparedness,
Workforce
Development,
Technical Colleges &
Consumer Protection**

(SC-SBEPWDTCCP)

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Kathleen A. Hillegas
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608/204-5944 (FAX) 608/204-5945

February 11, 2008

The Honorable Senator Robert W. Wirsch
Chair, Senate Committee on Small Business
317 East
Wisconsin State Capital
Madison, Wisconsin 53703

RE: AB 760/SB 440

Dear Chairman Wirsch and Committee Members:

I write this letter on behalf of Administaff – one of the largest Professional Employer Organizations in the country – to express support for AB 760 and its companion bill, SB 440. My office is at 10 East Doty, Madison, WI 53703.

Professional Employer Organizations (PEOs) are a great service for the small businesses in Wisconsin. Small businesses are the engine of job growth in the State. They are known for bringing superb products and services to the marketplace – and while they are expert at making that product or providing that service – they often feel burdened by the business of being an employer. These small business people may not be experts in knowing how to establish legally compliant personnel policies, how to accurately pay wages in compliance with state and federal requirements, how to report and remit payroll taxes and how to find the best benefits for the workers at these businesses. That is why many small businesses turn to PEOs.

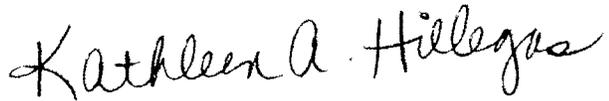
PEOs provide small businesses assistance with managing human resources, payroll and payroll taxes and provide a variety of benefit plans to these workers including health and retirement benefits. The PEO hires experts in these areas so the small business owner can concentrate on growing the business.

Administaff supports AB 760 and its companion bill, SB 440 – Registration of Professional Employer Organizations. This bill would provide a needed statutory framework for PEO operations by requiring PEOs to register in the State and meet certain financial standards.

The Honorable Senator Robert W. Wirth
February 11, 2008
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Administaff currently provides services to over 100 businesses in Wisconsin. Over 500 workers benefit from these services. We have provide our services to over 100,000 workers nationwide. Administaff hopes to grow its presence in the State and AB 760/SB 440 would facilitate such growth.

Very truly yours,

A handwritten signature in cursive script that reads "Kathleen A. Hillegas".

Kathleen A. Hillegas

/das





February 11, 2008

Senator Robert Wirth
Chair - Committee on Small Business
State Capitol - Room 317 East
P.O. Box 7882
Madison, WI 53708

Representative Terry Moulton
Chair - Committee on Small Business
State Capitol - Room 20 North
P.O. Box 8953
Madison, WI 53708

Dear Sirs:

I write to express our strong support for Wisconsin Senate Bill 440 and Assembly Bill 760 regarding the regulation of Professional Employer Organizations (PEOs).

As a small employer, the Board and management of Madison Community Foundation rely on our PEO, QTI Human Resources, Inc., to provide us with more time to focus on our mission - to encourage, facilitate and manage long-term philanthropy. We accomplish this by working with individuals, families, corporations and charities to establish permanent endowment funds and facilitate charitable gifts that have a lasting impact. In 2007, more than \$10.6 million was distributed from our over 800 funds to charitable organizations throughout Dane County, across Wisconsin, and the United States.

While we were busy accomplishing these tasks, QTI was busy helping us to cost-effectively manage the administrative aspects of human resources, employee benefits, and payroll. Our employees receive the opportunity to participate in benefits usually provided by only the largest employers; thereby aiding us with recruiting and employee retention.

By working with experienced professionals in HR, benefits, payroll, and risk management, we gain access to professional guidance and assistance with increasingly complex employee related matters. Our PEO helps to manage our employee benefits including health, dental, life insurance; paid-time off and leave administration; retirement savings plan; workers' compensation claims; payroll and payroll tax compliance; and unemployment insurance claims. In addition, we receive clear, easy-to-read and professionally written employee handbooks, policies, procedures and practices.

This legislation would strengthen the PEO industry - a key partner in helping Wisconsin's small employers grow and thrive. Please support this sensible legislation.

Respectfully,

Ann Casey
Vice President, Finance and Planned Giving

2 Science Court, P.O. Box 5010, Madison, Wisconsin 53705-0010
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www.madisoncommunityfoundation.org





National Association
of Professional Employer Organizations

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**Before the Senate Committee on Small Business Emergency Preparedness, Workforce Development,
Technical Colleges, and Consumer Protection
Testimony of Adam S. Peer, Assistant Director, State Government Affairs
National Association of Professional Employer Organizations
Senate Bill 440
February 13, 2008**

Chairman and committee members: My name is Adam Peer and I am representing the National Association of Professional Employer Organizations. On behalf of our entire membership and specifically our Wisconsin-based members, I am here this today to testify in support of Senate Bill 440 and its companion bill Assembly Bill 760, a measure that will provide the basic legal framework for professional employer organizations in Wisconsin.

NAPEO especially wants to thank Senator Bob Wirth and his staff for their hard work on this important legislation.

A Professional Employer Organization or PEO is a business that partners with an existing small business to manage human resources, that can include employee benefits including healthcare, workers' compensation, Section 125 plans, retirement services and other critical benefits so their small business clients can focus on their core competencies to maintain and grow their business. The average PEO client is a small business with an average of 5 to 20 employees. By forming an employment relationship with these small businesses and their employees, PEOs are able to offer enhanced access to employee benefits that makes a small business of 10 feel like they are part of a company of 10,000. This allows small businesses to attract and retain a higher quality workforce.

Highlights of Assembly Bill 760 include:

1. Requiring annual registration of PEOs with the Department of Regulation and Licensing (DRL).
2. Requiring PEOs to maintain a minimum amount of working capital or provide a security or guarantee.
3. Requiring that PEO provide DRL with audited financial statements on an annual basis.
4. Give DRL the ability to effectively and efficiently administer the legislation.

The industry strongly believes it is important that minimum standards and operational requirements be established that provides a proper regulatory framework. This bill provides the statutory certainty needed for small start-ups to large PEOs alike, in creating a level, competitive playing field that diminishes the ability of fly-by-night operators to distort the market and harm small businesses and tarnish the industry.

Again, I urge your support of Senate Bill 440. Thank you for your time and consideration.

Adam S. Peer, Assistant Director
National Association of Professional Employer Organizations

Phone: 703-739-8179 and Email: apeer@napeo.org



WISCONSIN AB 760 and SB 440
Representative Scott Newcomer & Senator Bob Wirth
REGULATION OF PROFESSIONAL EMPLOYER ORGANIZATIONS

Professional Employer Organizations (PEOs) allow even the smallest employer to provide their employees with Fortune 500 class employee benefits and human resource services. PEOs provide employers with integrated services that allow them to provide and manage employee health benefits, retirement benefits, payroll, and compliance with various federal, state, and local employment requirements. These PEO-provided services allow small businesses to concentrate on the operation and job-creating side of their operations.

Workers in Wisconsin benefit because small businesses that employ them can partner with a PEO to provide important benefits, such as health insurance and retirement savings, that they may not be able to provide on their own.

Small business benefits because when they partner with a PEO, the PEO is able to provide small employers with the benefits usually found at large employers. Additionally, because a PEO is a human resources expert, the PEO will help the small business comply with sometimes confusing and burdensome employment-related rules and regulation.

This legislation provides for the basic legal framework for PEO relationships and the basic requirements to operate a PEO in Wisconsin. It also provides for statutory recognition for the important services it provides for Wisconsin employers and workers.

Major PEO requirements include:

- Requires annual registration of PEOs with the Department of Regulation and Licensing (DRL).
- Requires PEOs to maintain a minimum amount of working capital or provide a security or guarantee.
- Requires that PEOs provide DRL with audited financial statements on an annual basis.
- Gives DRL the ability to effectively and efficiently administer the legislation.

If you have any questions or would like any additional information, please feel free to visit NAPEO online at www.napeo.org or contact either:

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